

# **IRREGULARITIES IN AWARDING OF MAJOR WORKS OF SEEPZ, SEZ AUTHORITY, MUMBAI**

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 72<sup>nd</sup> Report (17<sup>th</sup> Lok Sabha)]

**MINISTRY OF COMMERCE & INDUSTRIES  
DEPARTMENT OF COMMERCE**

**PUBLIC ACCOUNTS COMMITTEE  
(2023-24)**

**ONE HUNDRED AND TWENTY THIRD REPORT**

---

**SEVENTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO.2353

**ONE HUNDRED AND TWENTY  
THIRD REPORT**

**PUBLIC ACCOUNTS COMMITTEE  
(2023-24)**

(SEVENTEENTH LOK SABHA)

**IRREGULARITIES IN AWARDING OF MAJOR WORKS  
OF SEEPZ, SEZ AUTHORITY, MUMBAI**

**MINISTRY OF COMMERCE & INDUSTRIES  
DEPARTMENT OF COMMERCE**



*Presented to Lok Sabha on:* 08.02.2024

*Laid in Rajya Sabha on:* 08.02.2024

**LOK SABHA SECRETARIAT  
NEW DELHI**

February, 2024 /Magha, 1945 (Saka)

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*\*Will be appended at the time of printing of the report*

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2023-24)**

Shri Adhir Ranjan Chowdhury - Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Shri Thalikkottai Rajuthevar Baalu
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Dr. Satya Pal Singh
11. Shri Brijendra Singh
12. Shri Rajiv Ranjan Singh alias Lalan Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

**RAJYA SABHA**

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O'Brien<sup>1</sup>
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

**SECRETARIAT**

1. Shri Sanjeev Sharma - Joint Secretary
2. Smt. Bharti Sanjeev Tuteja - Director
3. Ms. Malvika Mehta - Under Secretary

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<sup>1</sup> Elected w.e.f. 19.08.2023 consequent upon retirement of Shri Sukhendu Sekhar Ray, MP on 18.08.2023.

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorised by the Committee, do present this One Hundred and Twenty third Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Seventy-second Report on 'Irregularities in awarding of major works of SEEPZ SEZ Authority Mumbai' relating to Ministry of Commerce and Industries, Department of Commerce.

2. The Seventy-second Report was presented to Lok Sabha/laid in Rajya Sabha on 10.08.2023. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the One Hundred and Twenty third Report at their sitting held on 6th February 2024. Minutes of the Sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee also place in record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Forty-eighth Report (Seventeenth Lok Sabha) is given at Appendix-II.

NEW DELHI;  
06 February, 2024  
17 Magha, 1945 (Saka)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee

## CHAPTER – I

### REPORT

This Report of the Public Accounts Committee deals with action taken by the Government on the Observations/Recommendations of the Committee contained in their Seventy-second Report (Seventeenth Lok Sabha) on 'Irregularities in awarding of major works of SEEPZ SEZ Authority Mumbai' relating to Ministry of Commerce & Industries, Department of Commerce.

2. The Seventy-second Report (Seventeenth Lok Sabha) was presented to the Parliament on 10.08.2023. It contained one Observation/Recommendation. Action Taken Notes have been received from the Ministry of Commerce & Industries, Department of Commerce in respect of the Observation/Recommendation and are broadly categorised as follows:-

- |       |   |                           |
|-------|---|---------------------------|
| (i)   | Observations/Recommendations which have been accepted by the Government<br>Para Nos. 1.   | Total: 01<br>Chapter II   |
| (ii)  | Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government<br>NIL                               | Total: Nil<br>Chapter III |
| (iii) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration<br>Para Nos. NIL | Total: Nil<br>Chapter IV  |
| (iv)  | Observations/Recommendations in respect of which the Government have furnished interim replies<br>NIL   | Total: Nil<br>Chapter V   |

3. On detailed examination of the subject, the Committee had observed from Financial Accounts of Santacruz Electronics Export Processing Zone (SEEPZ) Authority that during the year 2015-16 and 2016-17 substantial amount was booked under 'Advances on Capital Account' (₹ 637.08 lakh in 2015-16 and ₹ 3304.39 lakh in 2016-17) and under Capital works in progress' (₹ 3087.41 lakh in 2015-16 and ₹ 5197.56 lakh in

2016- 17). Hence, during the regular compliance audit (January/February 2018) of the SEEPZ SEZ Authority (herein after referred as "the Authority") special focus was given to the transactions reported under these heads. During scrutiny, Audit had noticed following major issues:-

- (i) Awarding of works to ineligible agency;
- (ii) Issue of work order without approval of Authority;
- (iii) Weak mechanisms for quality control;
- (iv) Letter of Permission (LOP)/Letter of Agreement (LOA) issued to SEZ units without scrutinizing mandatory norms and other miscellaneous irregularities.

4. The Action Taken Notes submitted by the Ministry on the Observation/Recommendation of the Committee contained in their Seventy-second Report (Seventeenth Lok Sabha) have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the Action Taken by the Government on their Observation/Recommendation made in the original Report.

**5. The Committee desire the Ministry of Commerce & Industries, Department of Commerce to furnish Action Taken Notes in respect of Observation/Recommendation contained in Chapter I within six months of the presentation of the Report to the House.**

#### **Recommendation No. 1**

6. *The Committee note that Santacruz Electronics Export Processing Zone (SEEPZ) Authority, in violation of Rule 7 of SEZ Rules and sub rule 2 and 3 of Rule 133 of GFR, 2017, had awarded in February 2017 the works of structural repair and allied civil works and water proof treatment amounting to ₹ 74.85 crore to National Co-operative Construction and Development Federation (NFCD) of India Ltd, an agency registered under Multi State Co-operatives Society Act 2002, Department of Agriculture and Co-operation, Ministry of Agriculture and made advance payment of ₹ 56.14 crore to the agency upto December 2017. Audit added that NFCD being an agency registered under Multi State Co-operatives Society Act was not eligible to be on the list of agencies notified by MoUD for carrying out the maintenance works of a government autonomous body. Moreover, no competitive process was followed while selecting the agency. Further, the Authority had approved an expenditure of ₹ 40.48 crore including a five per cent contingency amount for structural repair and allied civil works of Standard Designed Factories (SDF) buildings and Gems and Jewellery buildings. However, NFCD was issued work order in February 2017 for ₹ 44.58 crore. Thus, work order was*

issued in excess by an amount of ₹ 4 crore without approval of the Authority. An additional amount of ₹ 7.77 crore was also sanctioned for structural repairs without approval of the Authority. It has also been pointed out that the Institute of Technology (IIT), Mumbai which conducted a third party structural audit had, in its report, attributed the escalation in cost to the fact that the structural and non-structural repair works in the buildings had been carried out at the places which appeared to be good at the time of initial audit and inspection.

The Committee observe that Disaster Management Advisor (DMA) of the Authority had inspected (November 2017) all the structural and waterproofing works of SDF and Gems and Jewellery buildings completed by NFCD's contractors. They submitted the inspection report highlighting major structural discrepancies in all the buildings which included defective columns and beams as also incomplete work. Though the Authority had taken up the matter with NFCD several times for rectifying the deficiencies, no action was taken by NFCD. Since no MoU was signed between the Authority and NFCD and no Bank Guarantee (BG)/Performance Guarantee (PG) was taken, the Authority could not enforce remedial action against NFCD.

The Committee further observe that the Authority had invited (May 2017) applications for allotment of units in building SDF VIII (New Tower) even before occupation certificate was issued by the MIDC. Approvals were accorded to 18 SEZ Units (12 fresh LOPs, six existing units were allowed broad banding/ additional space) in July 2017 by Unit Approval Committee (UAC) although the requisite clearances like Occupation Certificate (OC), water and power connection, pollution control clearance, fire clearance and RCMC certificates had not been obtained. Allotment of units in the SDF VIII prior to getting the OC was irregular. Further, no business operation could be commenced by any SEZ Unit as there was no water and power connection and allotments were put under review because of non-submission of requisite approval certificates by the units. Audit noticed that the subsequent UAC held in August 2017, decided to review all allotments already made by earlier UAC on the grounds of non-fulfilment of terms and conditions laid down in the Provisional letter of SEEPZ authority e.g acceptance of conditions by the allottee, making of payment within stipulated time and also cases of application for additional space because of capacity enhancement on the grounds that "there appears to be no-correlation between projected export and space allotted to the units with respect to their past performance, existing installed capacity and space utilized by them".

The Committee note from the Ministry's reply that the matter of entrusting the work to NFCD was referred to the Ministry's Vigilance section after various complaints on irregularities in the functioning of SEEPZ-SEZ Authority, Mumbai were received from different quarters including the PMO and DoPT. Further, a team of officers from the Department of Commerce had also pointed out the irregularities in their report submitted on 5.1.2018. During the examination by vigilance Division, it was found that prima facie three officers two of whom being former Development Commissioners and one a former Joint Development Commissioner, SEEPZ SEZ Mumbai were involved in the irregularities. The Vigilance Division, Department of Commerce had proposed putting



these officers under suspension and referring the matter to CBI for detailed investigation. However, as per rules, it was decided by the Disciplinary Authority to seek the preliminary explanation of former Development Commissioners of SEEPZ SEZ, Mumbai. It was further submitted by the representative of Ministry of Commerce during the oral evidence that one charge sheet was issued to a Development Commissioner initially and that the matter was also referred to CVC and on the basis of the recommendation of the CVC, charge sheet had been issued to the other former Development Commissioner as well, and role of other officers was also being inquired into.

The Committee took serious note of the fact that appointment of NFCD was made in outright violation of the GFRs and that there were blatant irregularities in the functioning of SEEPZ-SEZ Authority, Mumbai viz. awarding of work of structural repair and allied civil works and water proof treatment work to an agency not on the list of agencies notified by MoUD on nomination basis without following due procedure of competitive bidding; making an advance payment of ₹ 56.14 crore (75%) for a work whose total cost was ₹74.85 crores; sanctioning of additional amount of ₹ 7.77 crore for structural repairs without approval of the Authority; not signing/ finalizing an MoU with the NFCD; not insisting on submission of Bank Guarantee/ Performance Guarantee by NFCD; cost escalation due to structural and non-structural repair works at places which appeared good at the time of initial audit; inadequate monitoring that led to major structural discrepancies in all the buildings including defective columns and beams and incomplete work. The Committee on the basis of the oral evidence tendered by the official representatives, expressed the view that the role of the officials of NFCD and other stakeholders in misappropriation of public property need to be enquired into, and therefore, felt that an investigation of the matter by the Central Investigative Agency was required.

Subsequently, the Ministry informed the Committee that matter relating to irregularities observed in the C&AG Paras 6.2.1 to 6.2.4 on Audit Report No. 17 of 2019 has been referred to CBI for detailed investigation and CBI investigation is on-going. While acknowledging that in pursuance of the view expressed by the Committee, the matter is since under probe by the CBI, the Committee would expect the Ministry and SEEPZ-SEZ Authority, Mumbai to ensure all possible support to CBI in its inquiry by providing all relevant records of alleged irregularities in the functioning of SEEPZ-SEZ Authority, Mumbai as required by them so that the culprits are booked and prosecuted as per prevalent law.

In view of the flagrant lapses observed in the award of major works of SEEPZ-SEZ Authority due to issue of work order without approval of Authority, weak quality control mechanism and issue of LOP/LOA to SEZ units without scrutinizing mandatory norms and scant regard to GFR and CVC Guidelines were accorded, the Committee desire that the Ministry devise a robust administrative monitoring mechanism to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual to the extent applicable by autonomous bodies like SEEPZ SEZ. Further, the Committee desire that necessary

*action should be taken for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future.*

7. The Ministry of Commerce & Industries, Department of Commerce furnished the following action taken replies to the recommendation of the Committee:-

"The matter relating to irregularities observed in C&AG Para 6.2.1 to 6.2.4 on Audit Report No. 17 of 2019 has been referred to CBI for detailed investigation and CBI investigation is on-going. The Committee is apprised that the Development Commissioner, SEEPZ SEZ, Mumbai has been requested vide this Department's letter dated 30th August, 2023 (Annexure-I) to ensure all possible support to CBI in its inquiry by providing all relevant records of alleged irregularities in the functioning of SEEPZ SEZ Authority, Mumbai as required by them so that culprits are booked and prosecuted as per prevalent law.

Further, based on the observations/recommendations of the Public Accounts Committee, all Zonal Development Commissioners of Special Economic Zones have been requested vide letter dated 30th August, 2023 to take appropriate action immediately in compliance of recommendations of the Committee to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual and for strengthening the internal audit control and quality control mechanism.

8. Audit gave the following comments:-

The committee desired that the Ministry may devise a robust administrative monitoring mechanism to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of procurement of works and the CPWD works Manual to the extent applicable by Autonomous Bodies like SEEPZ SEZ. Further, the committee desired that necessary action should be taken for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future.

Whether ZDCs have responded to Ministry's letter dated 30/08/23 and taken any action thereon. Whether Ministry has taken any action for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future

9. The Ministry gave the following response to audit remarks:-

"All Zonal Development Commissioners of Special Economic Zones have responded to Ministry's letter dated 30.08.2023 ensuring that guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual are being followed for procurement of any goods/services. They have also taken action to strengthening the internal audit control and quality control mechanism."

10. In view of the apparent lapses observed in the award of major works of SEEPZ-SEZ Authority due to issue of work order without approval of Authority, weak quality control mechanism and issue of LOP/LOA to SEZ units without scrutinizing mandatory norms and scant regard to GFR and CVC Guidelines, the Committee had recommended that the Ministry devise a robust administrative monitoring mechanism to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual to the extent applicable by autonomous bodies like SEEPZ SEZ. Further, the Committee had desired that necessary action may be taken for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future. The Committee note from the reply of the Ministry that the Development Commissioner, SEEPZ SEZ, Mumbai has been requested to ensure all possible support to CBI in its inquiry by providing all relevant records of alleged irregularities in the functioning of SEEPZ SEZ Authority, Mumbai as required by them so that culprits are booked and prosecuted as per prevalent law. The Committee further note that all Zonal Development Commissioners of Special Economic Zones have been requested to take appropriate action immediately in compliance of recommendations of the Committee to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual and for strengthening the internal audit control and quality control mechanism. The Committee are of the considered opinion that merely issuing instructions will not suffice and the Ministry should instead hand hold the SEZs in streamlining the systems to ensure scrupulous compliance of the guidelines and rules. The Committee, therefore, while reiterating their earlier recommendation that a robust administrative monitoring mechanism may be devised, desire to be apprised of the specific action taken in this regard and also to strengthen the internal audit control and quality control mechanism.

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation

The Committee note that Santacruz Electronics Export Processing Zone (SEEPZ) Authority, in violation of Rule 7 of SEZ Rules and sub rule 2 and 3 of Rule 133 of GFR, 2017, had awarded in February 2017 the works of structural repair and allied civil works and water proof treatment amounting to ₹ 74.85 crore to National Co-operative Construction and Development Federation (NFCD) of India Ltd, an agency registered under Multi State Co-operatives Society Act 2002, Department of Agriculture and Co-operation, Ministry of Agriculture and made advance payment of ₹ 56.14 crore to the agency upto December 2017. Audit added that NFCD being an agency registered under Multi State Co-operatives Society Act was not eligible to be on the list of agencies notified by MoUD for carrying out the maintenance works of a government autonomous body. Moreover, no competitive process was followed while selecting the agency.

Further, the Authority had approved an expenditure of ₹ 40.48 crore including a five per cent contingency amount for structural repair and allied civil works of Standard Designed Factories (SDF) buildings and Gems and Jewellery buildings. However, NFCD was issued work order in February 2017 for ₹ 44.58 crore. Thus, work order was issued in excess by an amount of ₹ 4 crore without approval of the Authority. An additional amount of ₹ 7.77 crore was also sanctioned for structural repairs without approval of the Authority. It has also been pointed out that the Institute of Technology (IIT), Mumbai which conducted a third party structural audit had, in its report, attributed the escalation in cost to the fact that the structural and non-structural repair works in the buildings had been carried out at the places which appeared to be good at the time of initial audit and inspection.

The Committee observe that Disaster Management Advisor (DMA) of the Authority had inspected (November 2017) all the structural and waterproofing works of SDF and Gems and Jewellery buildings completed by NFCD's contractors. They submitted the inspection report highlighting major structural discrepancies in all the buildings which included defective columns and beams as also incomplete work. Though the Authority had taken up the matter with NFCD several times for rectifying the deficiencies, no action was taken by NFCD. Since no MoU was signed between the Authority and NFCD and no Bank Guarantee (BG)/Performance Guarantee (PG) was taken, the Authority could not enforce remedial action against NFCD.

The Committee further observe that the Authority had invited (May 2017) applications for allotment of units in building SDF VIII (New Tower) even before occupation certificate was issued by the MIDC. Approvals were accorded to 18 SEZ Units (12 fresh LOPs, six existing units were allowed broad banding/ additional space) in July 2017 by Unit Approval Committee (UAC) although the requisite clearances like Occupation

Certificate (OC), water and power connection, pollution control clearance, fire clearance and RCMC certificates had not been obtained. Allotment of units in the SDF VIII prior to getting the OC was irregular. Further, no business operation could be commenced by any SEZ Unit as there was no water and power connection and allotments were put under review because of non-submission of requisite approval certificates by the units. Audit noticed that the subsequent UAC held in August 2017, decided to review all allotments already made by earlier UAC on the grounds of non-fulfilment of terms and conditions laid down in the Provisional letter of SEEPZ authority e.g acceptance of conditions by the allottee, making of payment within stipulated time and also cases of application for additional space because of capacity enhancement on the grounds that "there appears to be no-correlation between projected export and space allotted to the units with respect to their past performance, existing installed capacity and space utilized by them".

The Committee note from the Ministry's reply that the matter of entrusting the work to NFCD was referred to the Ministry's Vigilance section after various complaints on irregularities in the functioning of SEEPZ-SEZ Authority, Mumbai were received from different quarters including the PMO and DoPT. Further, a team of officers from the Department of Commerce had also pointed out the irregularities in their report submitted on 5.1.2018. During the examination by vigilance Division, it was found that prima facie three officers two of whom being former Development Commissioners and one a former Joint Development Commissioner, SEEPZ SEZ Mumbai were involved in the irregularities. The Vigilance Division, Department of Commerce had proposed putting these officers under suspension and referring the matter to CBI for detailed investigation. However, as per rules, it was decided by the Disciplinary Authority to seek the preliminary explanation of former Development Commissioners of SEEPZ SEZ, Mumbai. It was further submitted by the representative of Ministry of Commerce during the oral evidence that one charge sheet was issued to a Development Commissioner initially and that the matter was also referred to CVC and on the basis of the recommendation of the CVC, charge sheet had been issued to the other former Development Commissioner as well, and role of other officers was also being inquired into.

The Committee took serious note of the fact that appointment of NFCD was made in outright violation of the GFRs and that there were blatant irregularities in the functioning of SEEPZ-SEZ Authority, Mumbai viz. awarding of work of structural repair and allied civil works and water proof treatment work to an agency not on the list of agencies notified by MoUD on nomination basis without following due procedure of competitive bidding; making an advance payment of ₹ 56.14 crore (75%) for a work whose total cost was ₹ 74.85 crores; sanctioning of additional amount of ₹ 7.77 crore for structural repairs without approval of the Authority; not signing/ finalizing an MoU with the NFCD; not insisting on submission of Bank Guarantee/ Performance Guarantee by NFCD; cost escalation due to structural and non-structural repair works at places which appeared good at the time of initial audit; inadequate monitoring that led to major structural discrepancies in all the buildings including defective columns and beams and

incomplete work. The Committee on the basis of the oral evidence tendered by the official representatives, expressed the view that the role of the officials of NFCD and other stakeholders in misappropriation of public property need to be enquired into, and therefore, felt that an investigation of the matter by the Central Investigative Agency was required.

Subsequently, the Ministry informed the Committee that matter relating to irregularities observed in the C&AG Paras 6.2.1 to 6.2.4 on Audit Report No. 17 of 2019 has been referred to CBI for detailed investigation and CBI investigation is on-going. While acknowledging that in pursuance of the view expressed by the Committee, the matter is since under probe by the CBI, the Committee would expect the Ministry and SEEPZ-SEZ Authority, Mumbai to ensure all possible support to CBI in its inquiry by providing all relevant records of alleged irregularities in the functioning of SEEPZ-SEZ Authority, Mumbai as required by them so that the culprits are booked and prosecuted as per prevalent law.

In view of the flagrant lapses observed in the award of major works of SEEPZ-SEZ Authority due to issue of work order without approval of Authority, weak quality control mechanism and issue of LOP/LOA to SEZ units without scrutinizing mandatory norms and scant regard to GFR and CVC Guidelines were accorded, the Committee desire that the Ministry devise a robust administrative monitoring mechanism to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual to the extent applicable by autonomous bodies like SEEPZ SEZ. Further, the Committee desire that necessary action should be taken for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future.

#### **Action taken**

The matter relating to irregularities observed in C&AG Para 6.2.1 to 6.2.4 on Audit Report No. 17 of 2019 has been referred to CBI for detailed investigation and CBI investigation is on-going. The Committee is apprised that the Development Commissioner, SEEPZ SEZ, Mumbai has been requested vide this Department's letter dated 30th August, 2023 (Annexure-I) to ensure all possible support to CBI in its inquiry by providing all relevant records of alleged irregularities in the functioning of SEEPZ SEZ Authority, Mumbai as required by them so that culprits are booked and prosecuted as per prevalent law.

Further, based on the observations/recommendations of the Public Accounts Committee, all Zonal Development Commissioners of Special Economic Zones have been requested vide letter dated 30th August, 2023 to take appropriate action immediately in compliance of recommendations of the Committee to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual and for strengthening the internal audit control and quality control mechanism.

#### **Vetting comments by Audit**

The Committee desired that the Ministry may devise a robust administrative monitoring mechanism to ensure scrupulous compliance of the guidelines and rules specified in the GFR 2017, the Manual of procurement of works and the CPWD works Manual to the extent applicable by Autonomous Bodies like SEEPZ SEZ. Further, the committee desired that necessary action should be taken for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future.

Whether ZDCs have responded to Ministry's letter dated 30/08/23 and taken any action thereon. Whether Ministry has taken any action for strengthening the internal audit control and quality control mechanism to obviate recurrence of such lapses in other SEZs in future

### **Ministry's comments on Audit observations**

All Zonal Development Commissioners of Special Economic Zones have responded to Ministry's letter dated 30.08.2023 ensuring that guidelines and rules specified in the GFR 2017, the Manual of Procurement of Works and the CPWD Works Manual are being followed for procurement of any goods/services. They have also taken action to strengthening the internal audit control and quality control mechanism.

**CHAPTER III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE RERPLIES RECEIVED FROM THE  
GOVERNMENT**

**-NIL-**



**CHAPTER IV**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF  
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND  
WHICH REQUIRE REITERATION**

**-NIL-**

**CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE  
GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

**-NIL-**

**New Delhi;  
06 February, 2024  
17 Magha, 1945 (Saka)**

**ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee**

**APPENDIX-II**  
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR SEVENTY-SECOND REPORT (SEVENTEENTH LOK SABHA)**

(i)	Total number of Observations/Recommendations	01
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. – 1	Total : 01 Percentage:100%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:  Para Nos. – NIL	Total : 00 Percentage: 00
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para Nos. - NIL	Total : 00 Percentage:00
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies:  Para Nos. – NIL	Total : 00 Percentage: 00